

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

Intermountain Marketing Associates

Enforcement Case No. 05-1860

Thomas Howell

Respondents

*Issued and entered
on July 24, 2006
by Richard D. Lavolette
Chief Deputy Commissioner*

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Services of the Michigan Department of Labor and Economic Growth, pursuant to the Michigan Administrative Procedures Act of 1969, MCL 24.201 *et. seq.*, (“MAPA”) and the Michigan Uniform Securities Act, as amended, MCL 451.501 *et. seq.*, (“Act”), and the rules promulgated under the Act, say that:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The staff of the Office of Financial and Insurance Services (“OFIS”) alleges that the following facts are true and correct:

1. At all pertinent times, Intermountain Marketing Associates, LLC (“IMA”) was a limited liability company organized under the laws of the state of Utah and is located at 120 South Second Street, Couer D’Alene, Idaho 83816.
2. At all pertinent times, Thomas Howell (“Howell”) was the managing and sole member of IMA and is located at 228 Lakeview Drive, Couer D’Alene, Idaho 83816.
3. At all pertinent times, IMA was not registered as broker-dealer in the State of Michigan.

4. At all pertinent times, Respondent Howell was not registered as broker-dealer in the State of Michigan and was not registered to sell securities in the State of Michigan.
5. On or about March 24, 1999, Respondents IMA and Howell offered and sold promissory notes, issued to residents of the State of Michigan.
6. Respondents IMA and Howell knew or had reason to know that Section 301 of the Act, MCL 451.701 makes it unlawful for any person to offer or sell any securities in this state unless 1 the securities are 1) registered, 2) exempt, or 3) a federally covered security
7. Respondents IMA and Howell knew or had reason to know that Section 201(a) of the Act, MCL 451.601(a) prohibits a person from transacting business as a broker-dealer unless registered under the Act.
8. Respondent Howell knew or had reason to know that Section 201(a) of the Act, MCL 451.601(a) prohibits a person from transacting business as a securities agent unless registered under the Act.

COUNT I

9. On December 22, 1999, Respondents IMA and Howell filed a Notice of Sale of Securities Pursuant to Regulation D (“Notice”) for its promissory notes, thus claiming an exemption from registration under Section 402(b)(21) of the Act and Rule 803.7 of the Michigan Securities Rules.
10. The exemption and the Rule state that you must file a Form D within 15 days after the first sale of the securities within the State of Michigan. IMA began selling securities within the State of Michigan on or about March 24, 1999.
11. Therefore, IMA was selling unregistered, non-exempt securities approximately 8 months before filing the Notice with the State of Michigan.
12. IMA’s failure to file the Notice in a timely manner renders the exemption application ineffective. Thus, Respondents violated Section 301 of the Act by offering and selling promissory notes that were unregistered, non-exempt securities, and not federally covered securities.

COUNT II

13. From March 24, 1999 until about August 23, 2001, Respondents offered and sold securities to residents of Michigan without being registering as broker-dealers under the Act.

14. By offering and selling these securities to Michigan residents, Respondents acted as an unregistered broker-dealer in violation of Section 201(a) of the Act.
15. When Respondents sold promissory notes to Michigan residents on behalf of IMA, they effectuated transactions of established securities for the account of others or for his own account. Thus, Respondents were acting as unregistered broker-dealers in violation of Section 201(a) of the Act.

COUNT III

16. When Respondent Howell sold promissory notes to Michigan residents on behalf of IMA, he was representing a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities within the State of Michigan.
17. Therefore, Respondent Howell was acting as a securities agent in violation of Section 201(a) of the Act.

WHEREAS, Section 301 of the Act, MCL 451.701 provides that it is unlawful for any person to offer or sell any securities in this state unless 1 the securities are 1) registered, 2) exempt, or 3) a federally covered security; and

WHEREAS, the promissory notes offered and sold by Respondents were not registered, exempt, nor federally covered securities; and

WHEREAS, Section 201(a) of the Act, MCL 451.601(a) prohibits a person from transacting business as a broker-dealer unless registered under the Act; and

WHEREAS, Respondents transacted business as a broker-dealer within the State of Michigan, but were never registered as a broker-dealer under the Act; and

WHEREAS, Section 201(a) of the Act, MCL 451.601(a) prohibits a person from transacting business as a securities agent unless registered under the Act; and

WHEREAS, Respondent Howell transacted business as a securities agent within the State of Michigan, but was never registered as a securities agent under the Act; and

WHEREAS, based on the foregoing, OFIS Staff recommends that the Chief Deputy Commissioner find that Respondents are engaged in acts and practices that violate Section 201 and 301 of the Act; and

WHEREAS, the Office of Financial and Insurance Services finds this Order necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808 and Section 409 of the Act, MCL 451.809, that:

1. Respondents Intermountain Marketing Associates and Thomas Howell shall immediately **CEASE AND DESIST** from violating Section 201 and 301 of the Act, MCL 451.601 and 451.701.
2. Failure to comply with this ORDER will subject you to one or more of the following:
 - (a) A civil penalty of not more than \$1,000 for each violation of this Act, but not to exceed a total of \$10,000.
 - (b) A criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.
3. You may file with the Administrator within 15 days after service of this Order a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: the Office of Financial and Insurance Services, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.
4. If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this Order will stand as entered and will be FINAL.
5. It is important to understand that any statements that you present in response to this Order may be used against you at a hearing. It is also important to understand that you have the right, at your own expense, to have an attorney assist you at a hearing.
6. Any other communication regarding this Order should be addressed to the Office of Financial and Insurance Services, Attention: William R. Peattie, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF
LABOR & ECONOMIC GROWTH



By: _____

Richard D. Lavolette,
Chief Deputy Commissioner
Office of Financial and Insurance Services